



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
WAYNE COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1998

**EDWARD B. HATCHETT, JR
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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Sarah Jane Schaaf, Secretary, Revenue Cabinet
Honorable Bruce Ramsey, County Judge/Executive
Honorable Joel Catron, Former County Judge/Executive
Members of the Wayne County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Wayne County, Kentucky, as of June 30, 1998, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Wayne County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Wayne County, Kentucky prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Wayne County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1998, in conformity with the cash basis of accounting described above.

To the People of Kentucky

Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
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Members of the Wayne County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Wayne County, Kentucky, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. The other information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying Findings and Questioned Costs, included herein, which discusses the following areas of noncompliance:

- The Otter Creek/Betsy Water Expansion Project And The Powersburg Water Expansion Project Community Development Block Grant Fund Expenditures Should Be Included In The County's Financial Statements
- The County Should Compare Haul Tickets To Billing Statements For All Gravel Purchases
- The Airport Board Should Not Have Any Notes Payable At The End Of The Fiscal Year

In accordance with Government Auditing Standards, we have also issued our report dated July 23, 1999, on our consideration of Wayne County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 23, 1999

WAYNE COUNTY OFFICIALS

Fiscal Year Ended June 30, 1998

Joel Catron	County Judge/Executive
John Paul Jones III	County Attorney
E. Carol Jones	County Clerk
Richard Morrow	Circuit Court Clerk
James A. Hill	Sheriff
Paul Bates	Jailer
Martha Bowlin	Property Valuation Administrator
Barbara Gehring	County Treasurer
Marvin Hicks	Coroner
Andrew Parmley	Magistrate
Jess Jones	Magistrate
Tim Bell	Magistrate
Wade Upchurch	Magistrate
Vacant	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

WAYNE COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1998

Assets and Other Resources

Assets

General Fund:

Cash	\$ 100,263
Investments	50,000

Road and Bridge Fund:

Cash	26,976
Investments	350,000

Jail Fund:

Cash	10,098
------	--------

Local Government Economic Assistance Fund:

Cash	6,481
------	-------

Disaster and Emergency Services Fund:

Cash	1,647
------	-------

Timberland Fund:

Cash	3,166
------	-------

Insurance Premium Tax Fund:

Cash	134,290
Investments	100,000

Airport Board Fund:

Cash	97,033
------	--------

Airport Board Hanger Project Fund:

Cash	8,524
------	-------

Airport Board Future Projects Fund:

Cash	1,067
------	-------

Other Resources

General Fund:

Amounts to be Provided in Future Years for KACO Leasing	
Trust Payments	92,000

Total Assets and Other Resources

\$ 981,545

The accompanying notes are an integral part of the financial statements.

WAYNE COUNTY
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
June 30, 1998
(Continued)

Liabilities and Fund Balances

Liabilities

General Fund:

Lease Obligation (Note 4) \$ 92,000

Airport Board Fund:

Notes Payable (Note 5) 55,000

Fund Balances

Reserved:

Disaster and Emergency Services Fund 1,647

Timberland Tax Fund 3,166

Insurance Premium Tax Fund 234,290

Airport Board Fund 42,033

Airport Board Hanger Project Fund 8,524

Airport Board Future Projects Fund 1,067

Unreserved:

General Fund 150,263

Road and Bridge Fund 376,976

Jail Fund 10,098

Local Government Economic Assistance Fund 6,481

Total Liabilities and Fund Balances

\$ 981,545

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

WAYNE COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 3,218,205	\$ 754,503	\$ 938,491	\$ 266,713
Transfers In	28,959			16,000
Borrowed Money	43,000			
Total Cash Receipts	<u>\$ 3,290,164</u>	<u>\$ 754,503</u>	<u>\$ 938,491</u>	<u>\$ 282,713</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 2,871,325	\$ 822,489	\$ 898,498	\$ 316,375
Schedule of Other Expenditures	219,722			
Transfers Out	28,959	16,000		
Kentucky Association of Counties Leasing Trust - Principal Payment	8,000	8,000		
Division of Forestry	3,866			
Total Cash Disbursements	<u>\$ 3,131,872</u>	<u>\$ 846,489</u>	<u>\$ 898,498</u>	<u>\$ 316,375</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 158,292	\$ (91,986)	\$ 39,993	\$ (33,662)
Cash Balance - July 1, 1997*	<u>731,253</u>	<u>242,249</u>	<u>336,983</u>	<u>43,760</u>
Cash Balance - June 30, 1998*	<u>\$ 889,545</u>	<u>\$ 150,263</u>	<u>\$ 376,976</u>	<u>\$ 10,098</u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

WAYNE COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 1998
(Continued)

Local Government Economic Assistance Fund	Disaster and Emergency Services Fund	Timberland Fund	Community Development Block Grant Fund	Insurance Premium Tax Fund
\$ 18,590	\$ 2,753 5,959	\$ 4,603	\$ 640,180	\$ 402,387
<u>\$ 18,590</u>	<u>\$ 8,712</u>	<u>\$ 4,603</u>	<u>\$ 640,180</u>	<u>\$ 402,387</u>
\$ 16,445	\$ 7,353	\$	\$ 642,068	\$ 168,097
5,959		3,866		
<u>\$ 22,404</u>	<u>\$ 7,353</u>	<u>\$ 3,866</u>	<u>\$ 642,068</u>	<u>\$ 168,097</u>
\$ (3,814) 10,295	\$ 1,359 288	\$ 737 2,429	\$ (1,888) 1,888	\$ 234,290
<u>\$ 6,481</u>	<u>\$ 1,647</u>	<u>\$ 3,166</u>	<u>\$ 0</u>	<u>\$ 234,290</u>

WAYNE COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Airport Board		
	General	Hanger	Future
	Fund	Project	Projects
<u>Cash Receipts</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Schedule of Operating Revenue	\$ 37,985	\$ 152,000	\$
Transfers In			7,000
Borrowed Money		43,000	
Total Cash Receipts	<u>\$ 37,985</u>	<u>\$ 195,000</u>	<u>\$ 7,000</u>
<u>Cash Disbursements</u>			
Comparative Schedule of Final Budget			
and Budgeted Expenditures	\$	\$	\$
Schedule of Other Expenditures	25,311	179,987	14,424
Transfers Out		7,000	
Kentucky Association of Counties			
Leasing Trust - Principal Payment			
Division of Forestry			
Total Cash Disbursements	<u>\$ 25,311</u>	<u>\$ 186,987</u>	<u>\$ 14,424</u>
Excess (Deficiency) of Cash Receipts			
Over (Under) Cash Disbursements	\$ 12,674	\$ 8,013	\$ (7,424)
Cash Balance - July 1, 1997*	<u>84,359</u>	<u>511</u>	<u>8,491</u>
Cash Balance - June 30, 1998*	<u>\$ 97,033</u>	<u>\$ 8,524</u>	<u>\$ 1,067</u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1998

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Wayne County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Wayne County Airport Board as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Wayne County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The county entered into a written agreement with the depository institution and met requirements (a), (b), and (c) stated above. However, as of July 14, 1997, the uncollateralized amount on deposit was \$15,801. The pledged securities and FDIC insurance did not equal or exceed the amount on deposit.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998
(Continued)

Note 4. Lease Purchase Agreement

The county entered into a \$100,000 lease-purchase agreement with Kentucky Association of Counties Leasing Trust Program on June 27, 1997, for the acquisition of voting machines. Terms of the agreement stipulate a ten-year repayment schedule, with a variable monthly interest payments and variable annual principal payments ending on January 20, 2007. As of June 30, 1998, the principal balance remaining was \$92,000. Lease payments for next five years are:

<u>Due Date</u>	<u>Fees and Interest</u>	<u>Principal Amount</u>
June 30, 1999	\$ 5,299	\$ 8,000
June 30, 2000	4,796	9,000
June 30, 2001	4,258	9,000
June 30, 2002	3,695	10,000
June 30, 2003	3,098	10,000
Thereafter	<u>5,847</u>	<u>46,000</u>
Totals	<u>\$ 26,993</u>	<u>\$ 92,000</u>

Note 5. Airport Board - Notes Payable

On April 17, 1997, the Airport Board entered into a notes payable with the Monticello Banking Company. The loan was obtained for the construction on ten new hangers at the Wayne County Airport. The loan amount approved is \$71,012 and it is to be paid out in multiple advances to the airport board. Interest is to be paid semiannually on April 17 and October 17, and principal is due on April 17, 2000. As of June 30, 1998, the airport board had received \$55,000 in advancements on the loan. The principal balance outstanding on the loan is \$55,000 as of June 30, 1998. The Airport Board paid off the balance on the loan on November 11, 1998.

Note 6. Commitments and Contingencies

On October 30, 1996, Wayne County entered into a lease agreement in the principal amount of \$23,726 with Associates Commercial Corporation to finance the acquisition of radio equipment to be sublet to Transcare Ambulance Service, Inc. through a sublease agreement dated September 20, 1996. Transcare Ambulance Service, Inc. is to make the rental payments directly to Associates Commercial Corporation. In the event the corporation cannot make the required lease payments in a given year, Wayne County has an obligation to meet the debt service for that year only. The annual debt service requirement of the lease is \$8,560. The corporation is in substantial compliance with terms of the agreement.

WAYNE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1998
 (Continued)

Note 7. Subsequent Events

In July 1998, the fiscal court hired a new Deputy Judge/Executive at an annual salary of \$25,000 for a 40-hour workweek. In the month of December 1998, the Deputy Judge/Executive was paid a total of \$9,553 resulting in a six-month payment of \$19,095. The total for December is broken down as follows:

Regular Time	\$4,132
Overtime	5,012
December Increase	217
Sick Time Pay	<u>192</u>
Total	<u>\$9,553</u>

The overtime hours were an accumulation from July through December 1998. Auditors contacted former County Judge/Executive who verified that he approved all overtime and time reports. We recommend that overtime be kept at a minimum but when overtime is worked, that it be paid in the period that the employee earns it. The above event will be included in more detail in our next fiscal year audit.

Note 8. Insurance

For the fiscal year ended June 30, 1998, Wayne County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

WAYNE COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1998

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 723,520	\$ 754,503	\$ 30,983
Road and Bridge Fund	935,571	938,491	2,920
Jail Fund	303,644	266,713	(36,931)
Local Government Economic Assistance Fund	17,556	18,590	1,034
Disaster and Emergency Services Fund	2,700	2,753	53
Community Development Block Grant Fund	1,192,786	640,180	(552,606)
Insurance Premium Tax Fund	396,687	402,387	5,700
Totals	<u>\$ 3,572,464</u>	<u>\$ 3,023,617</u>	<u>\$ (548,847)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 3,572,464
Add: Budgeted Prior Year Surplus			533,714
Less: Other Financing Uses			<u>(8,000)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 4,098,178</u>

SCHEDULE OF OPERATING REVENUE

WAYNE COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<hr/>				
Revenue From Local Taxes <u>and Excess Fees</u>				
Sheriff:				
Taxes	\$ 269,440	\$ 264,837	\$	\$
Advertising Collections	978	978		
Excess Fees - 1997	37,037	37,037		
County Clerk:				
Deed Transfer Tax	22,830	22,830		
Occupational Licenses	1,382	1,382		
Delinquent Taxes	4,208	4,208		
Excess Fees - 1997	130,000	130,000		
Tangible Personal Property Taxes:				
Other Counties	7,099	7,099		
County Clerk	66,651	66,651		
Omitted Taxes	1,335	1,335		
Insurance Premium Tax	197,811			
In Lieu of Taxes:				
Tennessee Valley Authority	17,247	17,247		
U.S. Treasurer	20,692	20,692		
Electric Plant Board	5,009	5,009		
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	<hr/> \$ 781,719	<hr/> \$ 579,305	<hr/> \$ 0	<hr/> \$ 0

Federal Receipts - State Treasurer

Disaster and Emergency Assistance	
Grants - Coordinator Salary	\$ 2,069
Community Development Block	
Grants -	
Otter Creek/Betsy Water	
Expansion Project	36,394
Powersburg Water	
Expansion Project	603,786
Empowerment Zone Grant:	
Fire Department	190,000

WAYNE COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

Local Government Economic Assistance Fund	Disaster and Emergency Services Fund	Timberland Fund	Community Development Block Grant Fund	Insurance Premium Tax Fund
\$	\$	\$ 4,603	\$	\$
				197,811
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,603</u>	<u>\$ 0</u>	<u>\$ 197,811</u>
\$	\$ 2,069	\$	\$	\$
			36,394	
			603,786	
				190,000

WAYNE COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Airport Board Fund	Airport Board Hanger Project Fund
Revenue From Local Taxes <u>and Excess Fees</u>		
Sheriff:		
Taxes	\$	\$
Advertising Collections		
Excess Fees - 1997		
County Clerk:		
Deed Transfer Tax		
Occupational Licenses		
Delinquent Taxes		
Excess Fees - 1997		
Tangible Personal Property Taxes:		
Other Counties		
County Clerk		
Omitted Taxes		
Insurance Premium Tax		
In Lieu of Taxes:		
Tennessee Valley Authority		
U.S. Treasurer		
Electric Plant Board		
Totals	\$ 0	\$ 0

Federal Receipts - State Treasurer

Disaster and Emergency Assistance		
Grants - Coordinator Salary	\$	\$
Community Development Block		
Grants -		
Otter Creek/Betsy Water		
Expansion Project		
Powersburg Water		
Expansion Project		
Empowerment Zone Grant:		
Fire Department		

WAYNE COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Federal Receipts - State Treasurer</u> (Continued)				
Federal Disaster and Emergency Services/Emergency Management				
Agency Reimbursement	\$ 4,537	\$ 4,537	\$	\$
Flood Control Receipts	66,865	66,865		
National Forestry Receipts	497		497	
Totals	\$ 904,148	\$ 71,402	\$ 497	\$ 0
<u>Kentucky State Treasurer</u>				
Jail:				
Alotments	\$ 52,987	\$	\$	\$ 52,987
Medical Allotments	4,254			4,254
Driving Under The Influence Fees	2,603			2,603
Housing State Prisoners	158,879			158,879
Court Costs, Jail Operation	4,650			4,650
Jail Contract with Other Counties	33,145			33,145
County Road Aid	751,385		751,385	
Truck License Distribution	151,651		151,651	
Bank Shares	29,616	29,616		
Delinquent Taxes	3,808	3,808		
Courthouse Rental - Administrative				
Office of the Courts	36,570	36,570		
Refunds:				
Legal Process Tax	114	114		
Drivers Licenses	1,642		1,642	
Dog Licenses	4,487			
Sheriff Bond Premium	751	751		
State Reimbursement/Refund	5,000		5,000	
Severance Taxes:				
Mineral	18,406			
Board of Assessments	750	750		

WAYNE COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

Local Government Economic Assistance Fund	Disaster and Emergency Services Fund	Timberland Fund	Community Development Block Grant Fund	Insurance Premium Tax Fund
\$	\$	\$	\$	\$
\$ 0	\$ 2,069	\$ 0	\$ 640,180	\$ 190,000

\$ \$ \$ \$ \$

4,487

18,406

WAYNE COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Airport Board Fund	Airport Board Hanger Project Fund
<u>Federal Receipts - State Treasurer</u> (Continued)		
Federal Disaster and Emergency Services/Emergency Management Agency Reimbursement	\$	\$
Flood Control Receipts		
National Forestry Receipts		
Totals	\$ 0	\$ 0
<u>Kentucky State Treasurer</u>		
Jail:		
Allotments	\$	\$
Medical Allotments		
Driving Under The Influence Fees		
Housing State Prisoners		
Court Costs, Jail Operation		
Jail Contract with Other Counties		
County Road Aid		
Truck License Distribution		
Bank Shares		
Delinquent Taxes		
Courthouse Rental - Administrative Office of the Courts		
Refunds:		
Legal Process Tax		
Drivers Licenses		
Dog Licenses		
Sheriff Bond Premium		
State Reimbursement/Refund		
Severance Taxes:		
Mineral		
Board of Assessments		

WAYNE COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u> (Continued)				
Grants:				
State Grant-				
Aviation Grant	\$ 152,000	\$	\$	\$
Disaster and Emergency Assistance Grant - Coordinator Salary	684			
Totals	\$ 1,413,382	\$ 71,609	\$ 909,678	\$ 256,518
<u>Miscellaneous Revenue</u>				
Interest	\$ 30,167	\$ 5,348	\$ 15,547	\$ 884
Circuit Court Clerk:				
Work Release	2,522			2,522
Jail:				
Telephone Commission Refunds	6,191			6,191
Licenses and Permits:				
Animal Control	5,813			
Cable TV Franchise	22,075	22,075		
Charges for Services:				
Fire Runs	25	25		
Surplus Machinery/Equipment Sales	2,725		2,725	
Aviation Fuel Sales	23,461			
Water Bill Reimbursement	59			
Tiedown Fees	45			
Hanger Lease	7,575			
Pasture Rent	350			
Fly-in Fees	1,567			
Miscellaneous Items	16,381	4,739	10,044	598
Totals	\$ 118,956	\$ 32,187	\$ 28,316	\$ 10,195
Total Operating Revenue	\$ 3,218,205	\$ 754,503	\$ 938,491	\$ 266,713

WAYNE COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

Local Government Economic Assistance Fund	Disaster and Emergency Services Fund	Timberland Fund	Community Development Block Grant Fund	Insurance Premium Tax Fund
\$	\$	\$	\$	\$
	684			
\$ 18,406	\$ 684	\$ 0	\$ 0	\$ 4,487
\$ 184	\$	\$	\$	\$ 3,276
				5,813
				1,000
\$ 184	\$ 0	\$ 0	\$ 0	\$ 10,089
\$ 18,590	\$ 2,753	\$ 4,603	\$ 640,180	\$ 402,387

WAYNE COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Airport Board Fund	Airport Board Hanger Project Fund
<u>Kentucky State Treasurer</u>		
(Continued)		
Grants:		
State Grant-		
Aviation Grant	\$	\$ 152,000
Disaster and Emergency		
Assistance Grant -		
Coordinator Salary		
Totals	\$ 0	\$ 152,000
<u>Miscellaneous Revenue</u>		
Interest	\$ 4,928	\$
Circuit Court Clerk:		
Work Release		
Jail:		
Telephone Commission Refunds		
Licenses and Permits:		
Animal Control		
Cable TV Franchise		
Charges for Services:		
Fire Runs		
Surplus Machinery/Equipment Sales		
Aviation Fuel Sales	23,461	
Water Bill Reimbursement	59	
Tiedown Fees	45	
Hanger Lease	7,575	
Pasture Rent	350	
Fly-in Fees	1,567	
Miscellaneous Items		
Totals	\$ 37,985	\$ 0
Total Operating Revenue	\$ 37,985	\$ 152,000

COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

WAYNE COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1998

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 49,340	\$ 43,097	\$ 6,243
Deputy County Judge/Executive	30,225	30,224	1
Administrative Assistant	19,305	19,305	
Temporary/Part-Time Help	2,300	1,879	421
Travel	3,500	1,442	2,058
Office of County Attorney:			
Salaries-			
County Attorney	19,000	18,608	392
Secretary	5,315	5,148	167
Office of Sheriff:			
Deputies Salaries	69,500	68,716	784
Fees	5,400	5,400	
Materials and Supplies	805	804	1
Travel	200		200
Uniforms	500	100	400
Reimbursements	50,000	14,150	35,850
Office of County Coroner:			
Autopsies and Attendant Service	3,000	1,069	1,931
Fiscal Court:			
Magistrates-			
Salaries	47,935	46,927	1,008
Expense Allowance	15,758	15,758	
Travel	2,000	178	1,822
Advertising	8,240	8,240	
Fiscal Court Clerk Salary	1,400	1,396	4

WAYNE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Office of Property Valuation Administrator:			
Statutory Contribution	\$ 17,662	\$ 17,662	\$
Office of Board of Assessment Appeals:			
Per Diem	1,500	1,500	
Office of County Treasurer:			
County Treasurer Salary	7,712	7,685	27
Office of Circuit Court Clerk:			
Law Librarian Salary	1,115	1,093	22
Elections:			
Per Diem-			
Election Commissioners	4,200	4,200	
Election Officers	6,066	6,065	1
Election Tabulators	300	300	
Voting Machine Storage	1,500	500	1,000
Other Fees	4,000	1,455	2,545
Advertising	1,500		1,500
Rent	1,145	1,145	
Materials and Supplies	8,000	3,248	4,752
Electric	800	618	182
Voting Machines - Interest	5,000	4,714	286
Economic Development:	1,200	1,200	
Contribution			
Courthouse:			
Janitor Salary	17,615	16,994	621
Renewals and Repairs	10,376	10,375	1
Telephone	10,007	10,006	1
Utilities	16,500	14,339	2,161
Other Equipment			
Copy and Postage	2,000	1,689	311
Copier Maintenance	2,000		2,000

WAYNE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Courthouse: (Continued)			
Cleaning Supplies	\$ 7,000	\$ 6,168	\$ 832
Gasoline	600	501	99
Office Supplies	25,784	25,783	1
Postage	12,000	11,540	460
<u>Protection to Persons and Property</u>			
County Fire Department:			
Salaries-			
Chief	2,479	2,479	
Lease Payment	600	600	
Equipment	23,732	23,731	1
Disaster and Emergency Services:			
Dispatcher Salary	43,500	40,897	2,603
911 Service	1,500	906	594
Uniforms	500		500
Special Project		5,432	(5,432)
Rescue Squad:			
Program Support	5,000	2,553	2,447
Commonwealth Attorney:			
Public Advocacy Program	2,184	2,184	
<u>General Health and Sanitation</u>			
Animal Control Services:			
Salaries-			
Officer's Salary	5,567	5,566	1
Assistants	3,048	3,048	
Veterinarian Contract	2,652	2,651	1
Rental Payment-Building	1,000	1,000	
Maintenance and Repair-			
Building	157	156	1
Vehicle	1,076	1,075	1

WAYNE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Health and Sanitation</u> (Continued)			
Animal Control Services: (Continued)			
Food and Supplies	\$ 2,939	\$ 2,939	\$
Gasoline	807	807	
Office Supplies	315	315	
Uniforms	14	14	
Refunds	610	610	
Telephone	604	604	
Utilities	1,747	1,747	
Miscellaneous	14	12	2
Solid Waste Collection:			
Solid Waste Director	4,310	3,662	648
Solid Waste Program Support	18,000	7,315	10,685
<u>Social Services</u>			
Service to Indigents:			
Psychiatric Evaluation	1,000		1,000
Senior Citizens Program:			
Bus Drivers Salaries	18,361	18,361	
Bus Maintenance and Gas	4,000	2,353	1,647
20 % Match-Vehicle		5,142	(5,142)
Cemeteries and Memorials:			
Pauper Burials	500		500
<u>Recreation and Culture</u>			
Parks:			
Program Support	24,000	24,000	
Other Recreation Programs:			
Little League Program Support	500		500
Tourism Ads	250	125	125

WAYNE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Recreation and Culture (Continued)</u>			
Airports:			
Airport Program Support	\$ 7,525	\$ 7,525	\$
<u>Capital Projects</u>			
Other Capital Projects:			
Water Lines-Matching Share	20,300	10,000	10,300
<u>Administration</u>			
General Services:			
Audit Services	15,506	15,505	1
Tax Bill Preparation	10,081	10,081	
Bank Charges	100	20	80
Official Bonds	6,500	6,148	352
Court Costs	1,900	1,479	421
Association Dues	5,087	5,087	
Insurance	58,730	58,730	
Miscellaneous	2,650	2,473	177
Transfers	18,255		18,255
Fringe Benefits:			
County Contributions-			
Social Security	50,600	45,986	4,614
Retirement	45,000	43,869	1,131
Worker's Compensation	15,000	9,767	5,233
Unemployment	14,314	14,314	
Total Operating Budget	\$ 941,819	\$ 822,489	\$ 119,330
Other Financing Uses:			
*KACO Leasing Trust			
Voting Machines Principal	8,000	8,000	
Total General Fund	\$ 949,819	\$ 830,489	\$ 119,330

WAYNE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u>			
<u>Protection to Persons and Property</u>			
Disaster and Emergency Services:			
Special Projects	\$ 858	\$ 60,858	\$ (60,000)
<u>Transportation Facilities and Services</u>			
Road Facilities:			
Utilities	1,400	1,131	269
Uniforms	3,000	2,450	550
Telephone	2,000	1,618	382
Maintenance and Repairs	500	2	498
Highway Equipment	80,000	10,295	69,705
<u>Roads</u>			
Office of Road Supervisor/Engineer:			
Road Supervisor Salary	25,550	24,565	985
Road Maintenance:			
Road Workers Salaries	200,000	191,690	8,310
Contracted Road Work	50,000	28,193	21,807
Bridges-Contracted Construction	10,000		10,000
Crushed Stone and Gravel	300,000	296,013	3,987
Construction Materials-Bridges	20,231	20,231	
Vehicles and Equipment-			
Repairs and Maintenance	50,000	47,211	2,789
Materials	150,000	112,840	37,160
Gasoline and Oil-Vehicles	28,000	24,860	3,140
Signs	3,000	1,718	1,282
Tools	2,029	2,028	1
<u>Administration</u>			
General Services:			
Bank Charges	150	21	129
Insurance	25,804	25,803	1
School Share-National Forestry	361	248	113
Miscellaneous	1,000	112	888

WAYNE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u>			
(Continued)			
<u>Administration (Continued)</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	\$ 160,177	\$	\$ 160,177
Fringe Benefits:			
County Contributions-			
Retirement	10,500	9,116	1,384
Social Security	18,000	16,837	1,163
Worker's Compensation	20,000	13,922	6,078
Unemployment Insurance	8,000	6,736	1,264
Total Road and Bridge Fund	<u>\$ 1,170,560</u>	<u>\$ 898,498</u>	<u>\$ 272,062</u>

JAIL FUND

Protection to Persons and Property

Office of Jailer:			
Personnel Services-			
Salaries-			
Jailer	\$ 49,336	\$ 48,308	\$ 1,028
Jail Personnel	101,236	101,235	1
Secretaries	6,821	6,792	29
Food Service Personnel	28,013	27,145	868
Part-Time Personnel	6,836	114	6,722
Association Dues	300	250	50
Staff Training	250	120	130
Operations-			
Cleaning Supplies	4,006	4,006	
Food	33,000	28,178	4,822
Jail Linens	700		700
Prisoner Hygiene	250	216	34
Routine Medical	37,506	37,505	1
Staff Uniforms	1,249	1,249	
Staff Travel	500	231	269
Telephone	2,610	2,610	
Maintenance Agreement	1,375	1,372	3

WAYNE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND (Continued)</u>			
<u>Protection to Persons and Property</u> (Continued)			
Office of Jailer: (Continued)			
Operations- (Continued)			
Pest Control	\$ 109	\$ 103	\$ 6
Staff Training			
Utilities	22,000	21,191	809
Telephone			
Housing Prisoners - Other Counties	1,000		1,000
Miscellaneous Operating Expense	1,000	563	437
Maintenance-			
Building Repairs	3,403	3,403	
Equipment Repairs	800	598	202
Vehicle	2,500	1,330	1,170
Equipment-			
Communication Equipment Lease	200		200
Communications	500		500
Food Service Equipment	300	105	195
Furniture and Fixtures	950	921	29
Other Equipment	500	450	50
Juvenile Detention:			
Transportation and Shelter	6,000	1,930	4,070
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	13,601		13,601
Fringe Benefits:			
County Contributions-			
Retirement	5,625	5,625	
Social Security	16,000	13,423	2,577
Worker's Compensation	14,500	5,991	8,509
Unemployment Insurance	1,800	1,411	389
Total Jail Fund	\$ 364,776	\$ 316,375	\$ 48,401

WAYNE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</u>			
<u>General Government</u>			
County Coroner:			
Salaries-			
County Coroner	\$ 7,400	\$ 7,215	\$ 185
Deputy Coroner	2,400	2,036	364
<u>Protection to Persons and Property</u>			
Emergency Dispatch Service:			
Radio Tower Lease	240	240	
Other Social Services:			
Senior Citizen Program Support	2,000	1,969	31
<u>Airports</u>			
Airport Operations and Maintenance:			
Utilities	3,507	3,507	
<u>Administration</u>			
General Services:			
Miscellaneous	100		100
Contingent Appropriations:			
Reserve for Budget Transfers	4,739		4,739
Fringe Benefits:			
County Contributions-			
Retirement	650	623	27
Social Security	855	855	
Total Local Government Economic Assistance Fund	<u>\$ 21,891</u>	<u>\$ 16,445</u>	<u>\$ 5,446</u>

WAYNE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
DISASTER AND EMERGENCY SERVICES FUND			
<u>Protection to Persons and Property</u>			
Disaster and Emergency Services:			
Director Salary	\$ 6,000	\$ 5,718	\$ 282
Telephone	1,500	1,197	303
Travel Expense	100		100
Miscellaneous	100		100
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	1,500		1,500
Fringe Benefits:			
County Contributions-			
Social Security	459	438	21
Total Disaster and Emergency Services Fund	<u>\$ 9,659</u>	<u>\$ 7,353</u>	<u>\$ 2,306</u>
COMMUNITY DEVELOPMENT BLOCK GRANT FUND			
<u>General Health and Sanitation</u>			
Water Systems:			
Otter Creek/Betsy Water Expansion Project	\$ 549,000	\$ 38,282	\$ 510,718
Powersburg Water Expansion Project	643,786	603,786	40,000
Total Community Development Block Grant Fund	<u>\$ 1,192,786</u>	<u>\$ 642,068</u>	<u>\$ 550,718</u>

WAYNE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>INSURANCE PREMIUM TAX FUND</u>			
<u>Protection to Persons and Property</u>			
County Fire Department			
Salaries-			
Chief	\$ 8,271	\$ 5,130	\$ 3,141
Incentive Pay	5,000		5,000
Contracted Construction-			
Building	12,000		12,000
Contract with City	60,000	17,165	42,835
Contract-Radios	3,587	3,586	1
Building Rent	1,400	1,350	50
Maintenance and Repairs-			
Buildings	1,500	1,359	141
Vehicles	10,000	1,567	8,433
Gasoline	3,000	158	2,842
Equipment	40,784	40,784	
Office Supply	500	52	448
Telephone	1,200		1,200
Travel	1,000	700	300
Utilities	1,500		1,500
Land	6,000		6,000
Land Improvements	1,000		1,000
Motor Vehicles	158,100	57,310	100,790
Fire Hydrants	500		500
Miscellaneous	1,000		1,000

General Health and Sanitation

Animal Control:			
Salaries-			
Officers	12,025	12,025	
Assistants	10,000	6,201	3,799
Contract with Veterinarian	3,200	2,911	289
Building Rent	2,000	2,000	
Maintenance-			
Building	844	843	1
Vehicle	700	574	126
Food and Supplies	4,000	2,783	1,217
Gasoline	2,000	1,044	956

WAYNE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>INSURANCE PREMIUM TAX FUND</u>			
(Continued)			
<u>General Health and Sanitation</u>			
(Continued)			
Animal Control: (Continued)			
Office Supplies	\$ 600	\$ 495	\$ 105
Uniforms	550	54	496
Refunds	1,400	973	427
Telephone	800	720	80
Travel	616	616	
Utilities	4,701	4,590	111
Miscellaneous	700	203	497
<u>Administration</u>			
Contingent Appropriations-			
Reserve for Budget Transfers	31,909		31,909
Fringe Benefits:			
County Contributions-			
Retirement	2,000	1,166	834
Social Security	2,300	1,738	562
Total Insurance Premium			
Tax Fund	\$ 396,687	\$ 168,097	\$ 228,590
Total Operating Budget - All Funds	\$ 4,098,178	\$ 2,871,325	\$ 1,226,853
Other Financing Uses:			
*KACO Leasing Trust-			
Voting Machines Principal	8,000	8,000	
TOTAL BUDGET - ALL FUNDS	\$ 4,106,178	\$ 2,879,325	\$ 1,226,853

SCHEDULE OF AIRPORT BOARD EXPENDITURES

WAYNE COUNTY
SCHEDULE OF AIRPORT BOARD EXPENDITURES

Fiscal Year Ended June 30, 1998

	AIRPORT BOARD		
	General Fund	Hanger Project Fund	Future Projects Fund
Ground Maintenance and Supplies	\$ 2,934	\$	\$
Utilities	1,129		
Office Supplies	493		
Operating Supplies	4,518		
Aviation Fuel	12,703		
Treasurer's Bond	51		
Cable TV	384		
Travel Expense	561		
Advertising Expense	103		
Engineering Service		1,520	
Bank Loan Interest	2,350		
Storage Tank Fees	60		
Safe Deposit Box Rental	25		
Hanger Construction		178,467	14,424
Totals	<u>\$ 25,311</u>	<u>\$ 179,987</u>	<u>\$ 14,424</u>

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable Bruce Ramsey, County Judge/Executive
Honorable Joel Catron, Former County Judge/Executive
Members of the Wayne County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Wayne County, Kentucky, as of and for the year ended June 30, 1998, and have issued our report thereon dated July 23, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Wayne County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying Findings and Questioned Costs.

- The Otter Creek/Betsy Water Expansion Project And The Powersburg Water Expansion Project Community Development Block Grant Fund Expenditures Should Be Included In The County's Financial Statements
- The Airport Board Should Not Have Any Notes Payable At The End Of The Fiscal Year

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wayne County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Wayne County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Findings and Questioned Costs.

- The County Should Compare Haul Tickets To Billing Statements For All Gravel Purchases

Honorable Bruce Ramsey, County Judge/Executive
Honorable Joel Catron, Former County Judge/Executive
Members of the Wayne County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider the county not comparing haul tickets to billing statements for all gravel purchases to be a material weaknesses.

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 23, 1999

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Bruce Ramsey, County Judge/Executive
Honorable Joel Catron, Former County Judge/Executive
Members of the Wayne County Fiscal Court

Report On Compliance With Requirements Applicable To Each Major Program
And Internal Control Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Wayne County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 1998. Wayne County's major federal program is identified in the Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Wayne County's management. Our responsibility is to express an opinion on Wayne County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wayne County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Wayne County's compliance with those requirements.

In our opinion, Wayne County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1998.

Honorable Bruce Ramsey, County Judge/Executive
Honorable Joel Catron, Former County Judge/Executive
Members of the Wayne County Fiscal Court
Report On Compliance With Requirements Applicable To Each Major Program
And Internal Control Over Compliance In Accordance With OMB Circular A-133
(Continued)

Internal Control Over Compliance

The management of Wayne County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Wayne County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management and federal awarding agencies and pass-through entities. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed –
July 23, 1999

FINDINGS AND QUESTIONED COSTS

WAYNE COUNTY
FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Wayne County.
2. One reportable condition disclosed during the audit of the financial statements is reported in the Independent Auditor's Report. The condition was reported as a material weakness.
3. No instances of noncompliance material to the financial statements of Wayne County were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal awards program is reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal award program for Wayne County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards program for Wayne County reported in Part C of this Schedule.
7. The program tested as a major program was: Community Development Block Grants, CFDA #14.228
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Wayne County was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS ALSO CONSIDERED TO BE A MATERIAL WEAKNESS

1. The County Should Compare Haul Tickets To Billing Statements For All Gravel Purchases

Our audit disclosed that haul tickets for gravel purchases are not always being compared to billing statements received from vendors. In an effort to strengthen internal controls over county purchases, we recommend that the county compare haul tickets to billing statements to ensure that the county is only being billed for county purchases and are not being billed for purchases made by others.

Management's Response:

This is now being done.

NONCOMPLIANCES

1. The Otter Creek/Betsy Water Expansion Project And The Powersburg Water Expansion Project Community Development Block Grant Fund Expenditures Should Be Included In The County's Financial Statements

The County Treasurer did not include the Otter Creek/Betsy Water Expansion Project or The Powersburg Water Expansion Project Community Development Block Grant Fund expenditures in the County's financial statements. KRS 68.360(2) requires all receipts and expenditures be included in the financial reports. During our audit period, a total of \$642,068 was disbursed without being included in the above financial statement. We recommend compliance with this statute.

Management's Response:

We are currently doing this.

WAYNE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 1998
(Continued)

NONCOMPLIANCES (Continued)

2. The Airport Board Should Not Have Any Notes Payable At The End Of The Fiscal Year

The Airport Board borrowed \$55,000 from a lending institution, which was not repaid by June 30, 1998. KRS 65.7707 states that notes shall mature no later than the last day of the fiscal year in which the notes are issued. We recommend that the Airport Board comply with this statute in the future.

Management's Response:

We will relay the comments to the Chairman & Treasurer of the Airport Board.

PRIOR YEAR FINDINGS

- (1) The Otter Creek/Betsy Water Expansion Project And The Powersburg Water Expansion Project Community Development Block Grant Fund Expenditures Should Be Included In The County's Financial Statements.
- (2) The County Should Compare Haul Tickets To Billing Statements For All Gravel Purchases
- (3) The Airport Board Should Not Have Any Notes Payable At The End Of The Fiscal Year

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM
AUDIT

None

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

WAYNE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 1998

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>Cash Programs</u>		
<u>U.S. Department of Housing and Urban Development</u>		
Passed-Through State Department of Local Government: Community Development Block Grants-		
Otter Creek/Betsy Water Expansion Project (CFDA # 14.228)	B-93-DC-21- 0001 (029)	\$ 38,283
Powersburg Water Expansion Project (CFDA #14.228)	B-95-DC-21- 0001 (036)	603,786
Total U.S. Department of Housing and Urban Development		<u>\$ 642,069</u>
<u>U.S. Department of Health and Human Services</u>		
Empowerment Zone Program (CFDA #93.585)		<u>\$ 129,162</u>
<u>U.S. Federal Emergency Management Agency</u>		
Passed-Through State Department of Military Affairs: Disaster and Emergency Assistance Grants-		
Coordinator Salary (CFDA #83.503)	Not Available	\$ 2,069
Severe Weather (CFDA #83.544)	FEMA-1207-DR- KY #231-00000	108,135
Total U.S. Federal Emergency Management Agency		<u>\$ 110,204</u>
Total Cash Expenditures of Federal Awards		<u><u>\$ 881,435</u></u>

See Notes to the Schedule of Expenditures of Federal Awards.

WAYNE COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 1998

Note 1 - Basis of Presentation

This schedule is presented on a cash basis.

Note 2 - The federal expenditures for Community Development Block Grant-Powersburg Water Expansion Project and Otter Creek/Betsy Water Expansion Project includes grants to a subrecipient as follows:

<u>Subrecipient</u>	<u>Number</u>	<u>Pass-Through Grant Amount</u>
City of Monticello	B-93-DC-21-0001(029)	\$ 38,283
City of Monticello	B-95-DC-21-0001(036)	\$ 603,786

Note 3 - During fiscal year ending June 30, 1998, the county disbursed \$38,283 and \$603,786 of Community Development Block Grant funds to the City of Monticello, a subrecipient of the county's federal financial assistance. These funds were monitored by the county and an audit was performed in accordance with Circular A-133 on the City of Monticello by Greattinger & Crowley, PSC, in December 1998.

**CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS**

WAYNE COUNTY FISCAL COURT

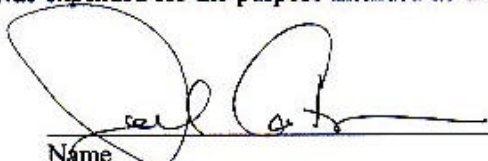
Fiscal Year Ended June 30, 1998

Appendix A


CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAMS
WAYNE COUNTY FISCAL COURT

June 30, 1998

The Wayne County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer